

United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
Western Region Office
1999 Broadway, Suite 3320
Denver, CO 80202-3050

June 1, 2011



RECEIVED

JUN 0 6 2011

DIV. OF OIL, GAS & MINING

John Baza, Director Department of Natural Resources Division of Oil, Gas, and Mining 1594 West North Temple, Suite 1210 P.O. Box 145801 Salt Lake City, UT 84114-5801

RE: Partial Phase II, and III Bond Release, Sunnyside Refuse and Slurry Site, Permit No. UT-007-035, DOGM Proposed Decision and Findings of Compliance, May 18, 2011

Dear Mr. Baza,

This letter acknowledges the Office of Surface Mining (OSM), Denver Field Division's (DFD) receipt and review of the above Phase II, and III Bond Release Proposed Decision document prepared by the Division of Oil, Gas, and Mining dated May 18, 2011. DFD agrees with the findings and decision document and hereby provides OSM concurrence for the above bond release action in accordance with 30 CFR 740.15 (d) (3), and 30 CFR 906.30, Article IX, Section 24, of the State-Federal Cooperative Agreement.

DOGM's Proposed Decision documents the applicant's compliance with the Utah approved regulatory program at Rule R645-301-880.

This Phase II, and III bond release requests applies to 5.35 acres located on the south facing slope of the ridge which borders the south side of excess spoil disposal area No. 1. The reclaimed area was the "Old Coarse Refuse Road" which was constructed by the prior permittee, Sunnyside Coal Company, and was used for hauling refuse material to stabilize the lower bank of the refuse pile. In 1994, use of this road segment was ceased and the site was reclaimed that fall.

OSM participated in the bond release inspection held April 26, 2011. The inspection report is included for your records.

OSM finds that Sunnyside Cogeneration Associates has met or exceeded the requirements for Phase II, and III bond release on the 5.35 acres of land as described above. DOGM currently holds a performance bond in the amount of \$1,609,000.00. This action will release \$40,000.00. DOGM has determined that the remaining bond amount of \$1,569,000 is sufficient to complete all remaining reclamation obligations at this site if the work had to be completed by a third party contractor. OSM concurs with the proposed bond release amount.

Thank you and your staff for coordinating this Federal mine bond release action through the DFD. Please direct any questions concerning this action to Elizabeth Shaeffer, Environmental Protection Specialist at eshaeffer@osmre.gov or (303) 293-5025.

Sincerely,

Kenneth Walker, Chief Denver Field Division

Elizabeth Shueffer acting for

Daron Haddock, DOGM cc:

Sunnyside Cogeneration Associates

Attachment



U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation State Program



Page 1 of
Revised October 1, 2010

1. Person/Permittee	9. Permit Number	10. Permit Type			
SUNNYSIDE COGENERATION ASSO	UT-007-035				
2. Address	11. Field Visit Date 12. Purpose 13. SRA Presen				
P.O. BOX 159	04/26/2011	OB3	Y		
		mm -dd - yyyy	15 City Ctatus	16 F - 11 - T	
3. City	4. State	14. Permit Status	15. Site Status	ACDE	
SUNNYSIDE	UT	17. OSM Office #			
5. Zip Code	6. Phone Number		18. CCID #	19. Land Code	
84539	20. M.S.H.A. ID #	21.State Code	22 County Name		
7. Operator Name (if different than Per			22. County Name		
		42-01813	UT	CARBON	
8. Mine Name		23. AVS Permittee E	nity ID Number l	24. State Office	
SUNNYSIDE REFUSE/SLURRY		128991			
25. Hours	26. Signature Block		27. Reviewing Offi	cial: 1	
				toward valle	
a. Permit Review	Signature		Signatu	re	
3.00 b. Site Visit Time	Elizabeth Shaeffer ID # 377		Kenneth W	alker	
T T			Review Date: 5	150/11	
15.00 c. Travel Time	Printed Name			nm - dd - yyyy	
3.00 d. Report Writing	Date: 05/23/2011	*	Is Supplemental MSE Pa		
Permit Type - Item 10 IP = Interim Program	n, PP = Permanent Program , NP = No Per	mit	1		
Purpose Type Codes - Item 12	P		CCR Citizen Compliant Ref		
Oxx Oversight Axx Assistance	RFx Reclamation F Fxx Federal Actions	ees (CC: Citizen Complaint (init CCF Citizen Complaiont Fo	illow-up	
Joint Inspection - Item 13 A joint inspecti	on is when a state inspector accompanies a				
Permit Status - Item 14	operator	r has left the site without co	ground coal mining activities l empleting reclamation as defin	nave ceased and ned in	
A Active: Coal mining and reclamation activities permitted but not yet disturbed.	AB1 Bond Fo	840.11(g) orfeiture: Bond forfeiture o ution in progress or not yet	fficially in process or complete	ed, and	
IN Inactive (Permanent Program Permit): Phas Temporary Cessation of Operations. (Interioral Coal mining completed and reclamation act	im Program Permit) AB2 Partially		rfeited site where all bonds ha	ve been used to	
BR Bond Release: Reclamation completed and Authority (RA) has released all of the bond	State Regulatory AB3 Reclaim		e that has been reclaimed to F	Program standards.	
Site Status Codes - Item 15	(Triase in Neiebbe.)	Silogolo, Villeri dice la dispe	NS Non-Site Visit: Statu	s of site not determined	
ND No Disturbance: No coal mining and reclam	nation MC., Mining Complete: No mini regraded and awaiting ph	ing activity on site, site	FP Forfeiture Pending: actions to revoke the	The RA is pursuing	
operations have been started. EX Coal Exploration: Coal exploration operation	ns TC. Temporary Cessation: The	e RA has granted	performance bond(s tion of forfeited site i), and/or reclama-	
have started and where coal mining operat have not begun.	817.131(b).		FR Forfeited and Reclain reclamation complete	med: Forfeiture	
AP Active Coal Producing: Coal surface mining activities are occurring	granted for entire permitte	ed area. For interim	FO Abandoned Site: Aba	andoned site that is	
AN Active Non-Producing: Active non-producin facility such as tipple or preparation plant.	FZ FINASE II NEICASE. ALICAS	st Phase II bond release	permitted but there is WC. Wildcat Coal mining	and reclamation	
NM No Mining: The Permit Status is active, site not in Temporary Cessation, no surface co-	e is for the entire permitted are at P3 Phase III Release: Recla		operations have or a activity is not covere	re taking place and the distribution distrib	
mining activity, and site not regraded.	the RA has released all bo	ond.	permits from the RA.		
	cillary (Haulroad, Conveyor, and/or Rails) use and/or Impoundment	H Exploration Permi		ning site permitted 30CFR785.25	
	ding Facility and/or Tipple	J Exempt 16 and 2/			
	ory Enforcement Fairness A	ct (SBREFA) Yo	ur Comments Are I	mportant	
The Small Business and Agriculture Regulator	ory Enforcement Ombudsman and 10 Regio	nal Fairness Boards were	established to receive comme	nts from	
small businesses about Federal agency enfo responsiveness to small business. If you are	e a small business (a business with 500 or fe	wer employees including t	hose of affiliates)	gency s	
and wish to comment on the enforcement or	compliance activities of OSM, call 1-888-RE	G-FAIR (1-888-734-3247).		Page 1 of	

U. S. DEPT. OF THE INTERIOR OFFICE OF SURFACE MINING

Mine Site Evaluation

State Program

Permittee/ Person	SUNNYSIDE COGENERATION ASSOCIATES	Permit Number	UT-007-035			Field Visit Date	04/26/2011	Continuation Page			
I CI SOII	20 Dorfo		on Stor	, de	and C	otogori	ioo.				
28. Performance Standard Categories Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited											
Cod	les: 1=Compliance, 2=Noncompliance, 3=Not Pla	nned, 4=N	of Started, 5	=iNON	compilar	ice Identified I					
	ministrative	D. Back	filling & Gr	adin	g		I. Roads	osidence Control Plan			
1	Mining within Valid Permit		Exposed O					Road Construction			
2	Mining within Bonded Area		Contempor					Certification			
3	Terms & Conditions of Permit		Approxima			ontour		Orainage			
4	Liability Insurance Ownership and Control		Highwall E			1		Surfacing and Maintenance			
5	Temporary Cessation		Steep Slope				5. <u>1</u> F	Reclamation			
7	AML Rec. Fees Non-Respondent		Stabilizatio			ric Materials	J. Signs &				
	AML Rec. Fees Failure to Pay		ss Spoil Dist		-	uilles)	1 S				
	Irologic Balance		Placement	,03aa			2N				
	1 Drainage Control		Drainage C	ontro	1			tance Prohibitions			
2.	Inspections & Certifications	3.	Surface Sta				L. Revege				
3	1 Siltation Structures	4.	Inspections			ions	2.1	egetative Cover			
4		F. Coal	Mine Waste	•				tmining Land Use			
5			se Piles/Imp				N. Other	thining Dand Osc			
6	Effluent Limits		Drainage C								
7	Ground Water Monitoring		Surface Sta	biliza	ation		General				
8	Surface Water Monitoring		Placement		G	D _a	Category rformance				
9	Drainage – Acid-Toxic Materials Impoundments		Inspections			itions					
10 11.	Stream Buffer Zones	5			ictures	-	_ 1)				
	soil & Subsoil		Of Explosive Blaster Cer		tion						
	1 Removal		Distance Pr				2)				
_	1 Substitute Materials		Blast Surve								
3			Warnings &				3)				
4.	1 Redistribution		Control of			ets					
A. Adı	Performance Standard Cate 30 CFR Counterparts ninistrative			E .	Flacen	s Spoil Dispo	sal ———	(\$16/\$17.71-74)			
5 374	Ed Darroit		773.11	2.	Draina	ge Control		71(f)			
2. M	ining within Bunded Area erms & Conditions of Permit		773.11	4.	Inspect	ions & Certificati	ons —	71(b)			
				F.	Coal	Mine Waste	Refuse Piles/Impo	undments)\$16/\$17.\$1-84)			
5. O	ability Inguiance winership and Control amporary Cessation ML Rec. Fees – Non-Respondent ML Rec. Fees – Failure to Pay Irologic Balance	12.11/.22	778.13	1.	Draina	ge Control		83(2)			
6. Te	Art Per Fees Non Remondent	42.11(e)&	816/81/.131 870 15/b)								
8. Al	ML Rec. Fees - Failure to Pay		-870.15(a)	4.	Inspect	ions and Certifica	tions				
B. Hyd	Irologic Balance	(316/	317.41-57)		Impour	ding Structures -					
1. Dr	rainage Control ————————————————————————————————————			G.	Use of	Explosives -		(816/317.61-68)			
3 50	spections & Certifications ————————————————————————————————————		46	1.	Blaster	Cenncation		61(c)			
1 0	coloniana Compositoreas		47	3	Blad S	urvey Schedule -		52-64			
5. Di	versions ————————————————————————————————————		43	4	Wamin	Es & Records -		66 & 68			
7 C#	mumd Water Monitoring		41(c)	77	Contro	of Adverse Eller	13	67 (\$17.121-122)			
0 0	when Water Monitoring		41(e)	T.	Panda	ence Control	rian	(\$16/\$17.150-151)			
9. Dr	rainage—Acid - Toxic Materials————————————————————————————————————		41(i)	1	Road C	onstruction		150(c)			
11. St	poundments ream Buffer Zones		57	2.	Certific	ation		151(a)			
C To	ngoil & Subsoil — — — — — — — — — — — — — — — — — — —	—— (S.	16/817.22)	3.	Draina	ge		150(b)-151(d)			
1. Re	levom		22(a)	4. 5	Reclam	ng and Maintenan	ice	150(e)-151(d) 150(f)			
	orage and Protection			J.	Sions &	Markers -					
4. Re	orage and Protection edistribution cfilling & Grading posed Openings antemporaneous Reclamation proximate Original Contour ighwall Elimination		22(d)	1.	Signs -			11(a),(b),&(c) 			
D.Back	cfilling & Grading —	816/8]	17.95-107)	2.	Marker	5		11(a),(b),(d),(e),&(f)			
1. Ex	sposed Openings\$16/817.1	3,14,15,&	823.11 & 21	K	Distar	ice Prohibitio	25	(761.11)			
Z. Co	ontemporaneous Reclamation		-102(a)(1)	L.	Keves	etation ——		(816/817.111-116)			
4. Hi	ghwall Elimination	••••	-102(a)(2)	1.	Vegetal Timino	TSV0V 571		111 & 110			
	eep Slopes (includes downslope) ————————————————————————————————————			M	Postn	aining Land I	Use	111 & 116 113 (\$16/\$17.133)			
6. Hz	anding of Acid & Toxic Materialsabilization (fills and gullies)		95(b)					Page 2 of			
	N. C.							Revised October 1, 2010			

Sunnyside Refuse and Slurry, Sunnyside Cogeneration Associates (SCA) Utah Division of Oil, Gas, and Mining (DOGM) Permit No. UT-007-035 Phase II and III Bond Release Inspection

April 26, 2011

Participants: Daron Haddock, DOGM

Priscilla Burton, DOGM James Owen, DOGM Pete Hess, DOGM

Karl Houskeeper, DOGM Joe Helfrich, DOGM Scott Carlson, SCA Rusty Netz, SCA

Elizabeth Shaeffer, Office of Surface Mining

Weather Conditions: mild and windy, 40 degrees F

By letter dated May 17, 2010, Sunnyside Cogeneration Associates, permittee for the Sunnyside Refuse and Slurry, applied for Phase II and III bond release for the Old Coarse Refuse Road (OCRR). DOGM determined the bond release application administratively complete by letter date January 18, 2011. The refuse and slurry site is located approximately 25 miles east of Price, UT, adjacent to the Book Cliffs Coal Field. This cogeneration facility utilizes excavated slurry fines and coarse refuse from the old Sunnyside Mine by blending and burning this material in the cogeneration power plant. Mining ceased at the Sunnyside mine in 1994. The cogeneration facility started in 1993 and is expected to continue operating through 2013.

The current total bond amount held by DOGM is approximately \$1,609,000.00 of which \$40,000.00 is being requested for release. This bond release inspection focuses on 5.35 reclaimed acres located on the south facing slope of the ridge which borders the south side of excess spoil disposal area No. 1. This road was constructed by the prior permittee, Sunnyside Coal Company, and was used for hauling refuse material to stabilize the lower bank of the refuse pile. In 1994, use of this road segment was ceased and the site was reclaimed that fall. The ownership of the land and minerals includes Federal and private entities.

Inspection:

The group began the inspection at the mine office. Mr. Carlson briefed us on the reclamation efforts regarding this 5.35-acre area and answered questions. We then drove to the OCRR and began walking the length of the reclaimed road. All bridges and culverts were removed from the road. The slopes were regraded to blend with the natural drainage pattern of the surrounding area (see Photos 1 and 2). The road was backfilled using material that had previously been

pushed over the edge of the road. It was placed on the inside cut of the road in one-foot lifts. This material was shown to be acid-forming and the mining company was therefore required to cover this material with four feet of non-hazardous borrow material. Later, another foot of soil was placed on the outslopes of the road for additional cover. The road slope appeared stable.

The vegetation along the reclaimed road was well established (see Photo 3). The land surface was roughened, thus providing sediment control and a good environment for successful vegetative growth. There is no indication of erosion in this area. The bond release area has a variety of shrubs with fewer grasses (due to the timing of the inspection). There is a high occurrence of four-wing salt brush. The cheat grass in this area helps with erosion control on the steep slopes. Vegetation sampling occurred in the early seasons of 2006 and 2007. The group observed the vegetation reference area, which consisted of more grasses than shrubs (see Photo 4). Vegetation of the reclaimed road was proven to be higher in woody plant density and total percent cover than the reference area.

There was evidence of wildlife in the area, and it can be assumed that the reclaimed road acts as a corridor for wildlife.

There were still remnants of silt fences on the down-slope portion of the OCRR (see Photo 5). This fence was previously used to control drainage and catch sediment. The group agreed that SCA must remove all remnants of the silt fence and rebar before bond release can be granted. An inspector from DOGM will verify that this occurs before DOGM proposes their decision regarding this bond release request.

Inspection Photographs:

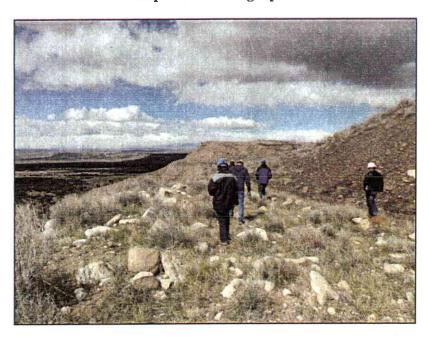


Photo 1 – portion of reclaimed road

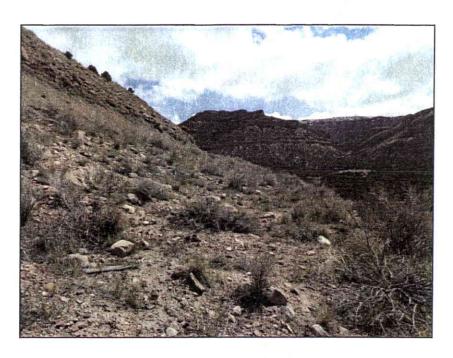


Photo 2 - portion of reclaimed road



Photo 3 – well established vegetation

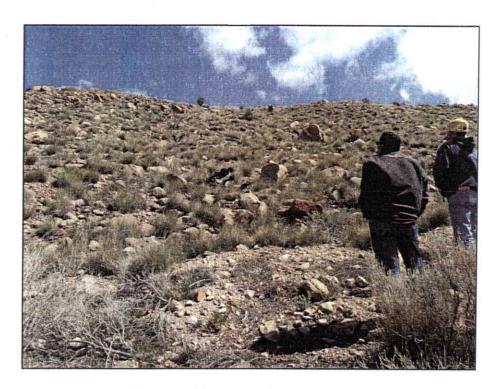


Photo 4 – Vegetation Reference Area

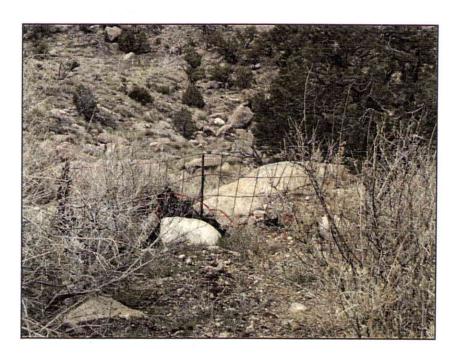


Photo 5 - Silt Fence remnants that must be removed